

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska                    ) Application No. C-1628  
Public Service Commission on its                )  
own motion, seeking to conduct an             ) Prehearing Conference Order  
investigation into intrastate                   ) and Request for Comments  
access charge reform and intra-                )  
state Universal Service Fund.                 ) Entered: January 6, 1998

APPEARANCES:

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BY THE COMMISSION

On September 15, 1997, the Commission, on its own motion, opened Docket C-1628 to investigate the structure of intrastate access charges and to establish a state

Universal Service Fund. Notice of this docket was published in The Daily Record on September 17, 1997. All certificated interexchange and local exchange carriers were named parties herein. Formal interventions were filed by the Nebraska Independent Telephone Association and the Nebraska Telephone Association.

On October 28, 1997, an order was released requesting interested parties to file comments identifying substantive issues and proposed procedural schedules. Comments were due November 25, 1997. Reply comments were due December 5, 1997. Comments were received by GTE Midwest (GTE), US West Communications (USW), AT&T Communications of the Midwest (AT&T), Aliant Communications (Aliant), MCI Telecommunications Corp. (MCI), TCG Omaha (TCG), Cox Nebraska Telcom (Cox) and the Nebraska Independent Telephone Association (NITA). Reply comments were received by GTE, USW, AT&T, Aliant, MCI, TCG, Sprint Communications/United Telephone, the NITA and the Nebraska Telephone Association.

On December 9, 1997, a prehearing conference was held in the Commission Hearing Room to establish a procedural schedule and to identify relevant issues to be released for comment. Appearances were made as shown above.

#### O P I N I O N     A N D     F I N D I N G S

Based upon the comments filed herein and the testimony provided at the prehearing conference, we make the following findings:

##### PROCEDURALLY

1. Due to scheduling conflicts of various companies, the first public hearing shall be held in mid-1998. Subsequent hearings may follow in the third and fourth quarters of 1998.
2. Public hearings shall be conducted in a "legislative" format. There shall be no cross-examination of witnesses from other parties. Commission staff and Commissioners may question witnesses.
3. Written testimony shall be filed with the Commission at least one week prior to the public hearing. A written copy, as well as an electronic copy, in Word Perfect format, shall be filed.
4. Briefs shall be accepted from all interested parties thirty days after the transcript of the hearing is made available.
5. Comments to the issues identified herein shall be filed by March 6, 1998. Reply comments shall be filed by April 6, 1998. Additional requests for comments shall not be released until a public hearing concerning these initial issues has been held.
6. There shall be no bifurcation of the access charge/state universal service fund issues. These issues shall be addressed concurrently.
7. There shall be no delay for the involvement of rural carriers in this

docket. Non-rural and rural companies shall be reviewed simultaneously. This should not be construed to mean carriers that serve high-cost territories, such as rural companies, cannot be treated separately in a final order. In fact, identification of unique rural, high-cost issues is encouraged in the comment cycle.

8. We acknowledge that a sunset date currently exists in state statute with respect to the State Universal Service Fund. As such, a permanent solution cannot be made herein until the sunset date is eliminated.

9. All orders herein should be competitively neutral.

10. Explanatory comments filed in response to our October 28, 1997 order were premature. Advocation of issues on a point-by-point basis shall begin with the release of this order.

#### **NEBRASKA UNIVERSAL SERVICE FUND**

Interested parties may comment on the following issues in the time period described above.

1. What should be the goals of the Nebraska Universal Service Fund?
2. What should be the eligibility requirements for universal service support, for example, should carriers who receive universal service funding be required to comply with the Commission's access charge structure?
3. Should a carrier be required to assume the status of carrier of last resort in a service area?
4. What is the determination of service and support area?
5. Is ETC designation by the Public Service Commission required?
6. What is the relationship between carrier of last resort and ETC status?
7. What customer groups should be eligible for support?
8. How will a competitively neutral process be assured?
9. What services should be funded?
10. Should the state provide support in addition to the federal fund?
11. Should the state fund support, in addition to the federal fund, education, libraries and health care providers?
12. What are the guidelines for distribution of fund payments?
13. What are the principles and methods of funding?
14. How will the size of the fund be determined?
15. How will an affordability benchmark rate be determined?

16. What sources of revenue should be considered in determining the benchmark rate?
17. How should multiple carriers in a designated area be handled?
18. How will carriers pass on the costs of contributing to the fund, for example, should there be a mandatory line item on customer bills?
19. Should support be portable and follow the customer when the customer transfers from one eligible local service provider to another?
20. How should universal service operate in a resale and unbundled network element environment?

#### **ACCESS CHARGES**

Interested parties may comment on the following issues in the time period described above.

1. How should access charges be structured?
2. Should purchasers of unbundled network elements be required to pay access charges?
3. What are the economic implications of maintaining implicit subsidies in access charges?
4. Is it in the public interest to structure access in a manner that reflects cost causation?
5. Should the Public Service Commission mirror the interstate access charge structure?
6. Are contracts for access charges appropriate?
7. Which network functions are actually used in the provision of access?
8. Should end users bear the cost of access?
9. Should the timing of implementation of reform be the same for all carriers, regardless of size?
10. How can competitive neutrality be assured?

#### **O R D E R**

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that comments on the issues identified herein are due on or before March 6, 1998, with reply comments due on or before April 6, 1998. One paper copy, as well as a disk copy, in Word Perfect shall be submitted.

MADE AND ENTERED at Lincoln, Nebraska, this 6th day of January, 1998.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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